

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 7, 2003

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER

ISSUE: ORDINANCE TO INCREASE THE SANITARY SEWER LINE
MAINTENANCE CHARGE

ISSUE: Ordinance to increase the sanitary sewer line maintenance charge

RECOMMENDATION: That City Council pass on first reading and schedule for public hearing, second reading and final passage on May 17, 2003, an ordinance increasing the sanitary sewer maintenance charge.

BACKGROUND: The sanitary sewer line maintenance charge (i.e., usage fee) was established to assist in the recovering of the costs of maintaining, inspecting and improving public sanitary sewer facilities in the City. As discussed during the FY 2004 budget process, the current \$0.20 per 1,000 gallons of usage fee does not generate sufficient revenues to recover the City's total current and future sanitary sewer operating, debt service and capital costs. Alexandria is the only major jurisdiction in the Washington, D.C. metropolitan area that does not fund its sanitary sewer system fully from user fees or other non-tax sources. As a result, the City's General Fund has historically been subsidizing the sanitary sewer system costs.

As was outlined at the City Council's budget work session on March 19, starting in FY 2004, it was proposed that the City embark on a multi-year plan to increase its sanitary sewer fee so that the sanitary sewer costs are fully recovered from fees and other outside sources and that the General Fund subsidy be eliminated. In approving the FY 2004 operating budget, and the FY 2004 to FY 2009 Capital Improvement Program (CIP) on April 29, 2003, City Council adopted the funding plan to increase the sanitary sewer fee by \$0.20 in FY 2004, to make the sanitary sewer system self-sufficient by the year FY 2007, as well as approved a substantial increase in planned sanitary sewer capital projects.

Specifically, the CIP reflected an increase of 111% from \$11.9 million to \$25.1 million in sanitary sewer capital projects. For the FY 2004 to FY 2009 time period this includes:

- \$3.4 million for reconstructions and extensions,
- \$2.4 million for combined sewer overflow improvement projects (CSOs),
- \$13.4 million for infiltration and inflow (I&I) projects,
- \$0.5 million for environmental restoration and sewer mapping,

- \$3.6 million for the Holmes Run trunk sewer capacity expansion project, and
- \$1.8 million for the Royal Street sewer project

Of particular importance is the I&I project which will address the infiltration and inflow of rain and ground water into the sanitary sewer system. Such inflow can cause basement sewer backups, as some City neighborhoods experienced this past winter, as well as more frequent wet weather discharges at the Alexandria Sanitation Authority waste water treatment facility than desired.

The substantial increase in capital funding will be financed by a proposed multi-year incremental four step increase in the sanitary sewer fee by \$0.20 per year (from its current rate of \$0.20 per thousand gallons of use), to the eventual rate of \$1.00 per thousand gallons of usage in FY 2007. This increase from \$0.20 to \$0.40 in FY 2004 will cost the average household about \$14 for the fiscal year. When combined with planned or projected water and wastewater treatment rate increases, the average household bill would rise by about \$31 in FY 2004. The fiscal impact to the average household of the rate increases for these three services through the year FY 2007 is detailed on Attachment I. Businesses also pay the sanitary sewer fee, with the impact of the fee increase highly variable depending on the amount of usage.

The sanitary sewer rate was set at \$0.10 per thousand gallons of usage in 1979 and then raised only once to its current \$0.20 rate in 1995. Under the proposed financing plan, the rate would be increased annually, with self sufficiency achieved in FY 2007. In subsequent fiscal years, the sanitary sewer rate, as well as sanitary sewer operating and capital needs, would be reviewed every year as part of the annual budget process and the rate set accordingly in order to make sure that the sanitary sewer rate covers 100% of the cost of sanitary sewer system operating, debt service and cash capital costs. Creating a self-sufficient sanitary sewer funding plan also will enable General Fund financial resources to be redirected to other City needs, as well as provide a dedicated funding source to meet the City's sanitary sewer operating and capital needs. Another benefit is that when the sanitary sewer system is fully financially self-supporting from user fees (i.e., the sanitary sewer usage fee, the sewer connection fee, federal grants and other related revenues), the bond rating agencies will remove any City sanitary sewer general obligation debt from the calculation of City debt ratios and debt burdens. This is a standard practice of the bond rating agencies.

FISCAL IMPACT: For FY 2004, the increase from \$0.20 to \$0.40 will raise some \$1.1 million which will be used to fund sanitary sewer capital related costs (\$0.6 million in new debt service and \$0.5 million for new cash capital). By the year FY 2007, the rate increase to \$1.00 per thousand gallons of usage will raise some \$4.4 million in additional revenues annually to be available to fund needed sanitary sewer operating and capital costs. The funding and rate increase plan for FY 2005 to FY 2007 is also subject to possible future revision, as changes to the City's sanitary sewer capital needs, federal and state environmental requirements, and fiscal condition changes.

ATTACHMENTS:

- I. Water-Sewer Rate Projections - Average Household FY 2003 to FY 2007
- II. Proposed Ordinance Increasing the Sanitary Sewer Maintenance Fee

STAFF:

Mark Jinks, Assistant City Manager

Morgan Routt, Management and Budget Analyst, OMB

Rich Baier, Director, Transportation & Environmental Services



*Water – Sewer Rate Projections Average Household**

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>
ASA	\$260	\$272	\$284	\$295	\$303
Water Company	156	159	162	165	168
City	14	28	42	56	56
TOTAL	\$430	\$459	\$488	\$516	\$527

*Assumes 69,000 gallons average household use

17
5-17-03

21
5-13-03

Introduction and first reading:

5/13/2003

Public hearing:

5/17/2003

Second reading and enactment:

5/17/2003

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to amend and reordain Section 5-6-26 (SEWER LINE MAINTENANCE CHARGE IMPOSED; PROVISIONS FOR COLLECTION; LIENS AND CESSATION OF WATER SERVICE FOR DELINQUENT CHARGES) of Article B (SEWAGE DISPOSAL AND DRAINS), Chapter 6 (WATER AND SEWER), Title 5 (TRANSPORTATION AND ENVIRONMENTAL SERVICES) of The Code of the City of Alexandria, Virginia, 1981, as amended.

Summary

The proposed ordinance increases the sewer line maintenance charge assessed with the water bill for each premises from twenty cents per thousand gallons of water supplied to forty cents per thousand gallons.

Sponsor

Office of Management and Budget

Staff

Mark Jinks, Assistant City Manager
Ignacio B. Pessoa, City Attorney

Authority

§§ 15.2-2119, 15.2-2122, Code of Virginia (1950), as amended

Estimated Costs of Implementation

None

Attachments in Addition to Proposed Ordinance and its Attachments (if any)

None

ORDINANCE NO. _____

17 121
5-17-03 5-18-03

AN ORDINANCE to amend and reordain Section 5-6-26 (SEWER LINE MAINTENANCE CHARGE IMPOSED; PROVISIONS FOR COLLECTION; LIENS AND CESSATION OF WATER SERVICE FOR DELINQUENT CHARGES) of Article B (SEWAGE DISPOSAL AND DRAINS), Chapter 6 (WATER AND SEWER), Title 5 (TRANSPORTATION AND ENVIRONMENTAL SERVICES) of The Code of the City of Alexandria, Virginia, 1981, as amended.

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That Section 5-6-26 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 5-6-26 Sewer line maintenance charge imposed; provisions for collection; liens and cessation of water service for delinquent charges.

(a) Pursuant to the authority contained in section ~~15.1-320(7)~~ 15.2-2122(7) of the Code of Virginia, and as provided by section ~~15.1-321~~ 15.2-2119 of that Code, there is hereby imposed, upon all parcels of real estate from which sewerage is discharged into lines maintained by the city, a sewer line maintenance charge of one dollar and twenty cents (\$1.20) per quarter or ~~twenty cents (\$0.20)~~ forty cents (\$0.40) for every 1,000 gallons of water supplied per quarter to such parcel by the Virginia-American Water Company, whichever is the greater sum; provided, that if the charge for water supplied to any parcel is billed on a monthly basis, the sewer line maintenance charge imposed on the parcel shall be ~~forty cents (\$0.40) per month or twenty cents (\$0.20)~~ forty (\$0.40) for every 1,000 gallons of water supplied per month to such parcel, whichever is greater; and provided, further, that for any parcel of real estate having more than one meter for the measurement of water consumption attributable to that parcel, one or more of which meters measures only water which will not be discharged into the sanitary sewer lines of the city, that parcel shall be charged as provided herein on the total water consumption attributable to that parcel after subtracting the amount of water not discharged into the sanitary sewer lines of the city.

(b) For the purpose of this article, bills shall be considered monthly bills if submitted 12 times per year for periods of approximately one month each and quarterly bills if submitted four times per year for periods of approximately three months each.

(c) The sewer line maintenance charge shall in every case be collected by the Virginia-American Water Company from the owner, lessee or tenant of each parcel, or some or all of them, and remitted by the water company to the city in such manner and on such terms as shall be agreed upon by the water company and the city council, consistent with the provisions of this section. In the event any such charges are unpaid 30 days after the date they are billed by the water company as hereinabove provided, interest shall at that time begin to accrue thereon at the rate of one percent per month, and the owner, lessee or tenant, as the case may be, of the parcel of real estate on which the charge was imposed shall, until such charges shall be paid with interest to the date of payment, cease to dispose of sewage or industrial waste originating from or on such real estate by discharge thereof directly or indirectly into the sewer line maintained by the city, and is such owner, lessee or tenant shall not cease disposal within two months thereafter, the water company shall cease supplying water thereto unless the Director of the Alexandria Health Department shall certify that the shutting off of the water will endanger the health of the occupants of the premises or the health of others. Such charges and interest thereon shall constitute a lien against the property, ranking on a parity with liens for unpaid taxes.

Section 2. That this ordinance shall become effective on July 1, 2003.

KERRY J. DONLEY
Mayor

Introduction:	5/13/2003
First Reading:	5/13/2003
Publication:	5/15/03
Public Hearing:	6/17/03
Second Reading:	6/17/03
Final Passage:	

ORDINANCE NO. 4301

AN ORDINANCE to amend and reordain Section 5-6-26 (SEWER LINE MAINTENANCE CHARGE IMPOSED; PROVISIONS FOR COLLECTION; LIENS AND CESSATION OF WATER SERVICE FOR DELINQUENT CHARGES) of Article B (SEWAGE DISPOSAL AND DRAINS), Chapter 6 (WATER AND SEWER), Title 5 (TRANSPORTATION AND ENVIRONMENTAL SERVICES) of The Code of the City of Alexandria, Virginia, 1981, as amended.

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Sec. 5-6-26 Sewer line maintenance charge imposed; provisions for collection; liens and cessation of water service for delinquent charges.

(a) Pursuant to the authority contained in section 15.1-320(7) of the Code of Virginia, and as provided by section 15.1-321 of that Code, there is hereby imposed, upon all parcels of real estate from which sewerage is discharged into lines maintained by the city, a sewer line maintenance charge of one dollar and twenty cents (\$1.20) per quarter or forty cents (\$0.40) for every 1,000 gallons of water supplied per quarter to such parcel by the Virginia-American Water Company, whichever is the greater sum; provided, that if the charge for water supplied to any parcel is billed on a monthly basis, the sewer line maintenance charge imposed on the parcel shall be forty cents (\$0.40) per month or forty cents (\$0.40) for every 1,000 gallons of water supplied per month to such parcel, whichever is greater; and provided, further, that for any parcel of real estate having more than one meter for the measurement of water consumption attributable to that parcel, one or more of which meters measures only water which will not be discharged into the sanitary sewer lines of the city, that parcel shall be charged as provided herein on the total water consumption attributable to that parcel after subtracting the amount of water not discharged into the sanitary sewer lines of the city.

(b) For the purpose of this article, bills shall be considered monthly bills if submitted 12 times per year for periods of approximately one month each and quarterly bills if submitted four times per year for periods of approximately three months each.

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Section 2. That this ordinance shall become effective on July 1, 2003.

KERRY J. DONLEY
Mayor

Final Passage: May 17, 2003